



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/615,428	07/07/2003	James P. Davidowitz	061801/1061	7410
7590	12/24/2008		EXAMINER	
Steven B. Pokotilow, Esq. Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, NY 10038			VYAS, ABHISHEK	
		ART UNIT	PAPER NUMBER	
		3691		
			MAIL DATE	DELIVERY MODE
			12/24/2008	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)
	10/615,428	DAVIDOWITZ ET AL.
	Examiner	Art Unit
	ABHISHEK VYAS	3691

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 29 September 2008.
- 2a) This action is **FINAL**. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-16 is/are pending in the application.
 - 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-16 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ . |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ . | 6) <input type="checkbox"/> Other: _____ . |

DETAILED ACTION

Status of Claims

1. This action is in reply to the request for continued examination filed on 09/29/2008
2. Claims 1, 5, 9, 13 were previously presented.
3. Claims 1-18 are currently pending and have been examined.
4. Claims 1-16 are rejected.
5. This is a NON-FINAL action.

Continued Examination Under 37 CFR 1.114

6. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 03/13/2008 has been entered.

Claim Rejections - 35 USC § 112

7. Claim 1 is rejected under 35 U.S.C. § 112, first paragraph, as being of undue breadth.
A "single means" claim, i.e. where a means recitation does not appear in combination with another recited element or means, is subject to an undue breadth rejection under 35 U.S.C. 112, first paragraph. See *In re Hyatt*, 218 USPQ 195, (CAFC 1983) and MPEP 2164.08(a).
2164.08(a) Single Means Claim

A single means claim, i.e., where a means recitation does not appear in combination with another recited element of means, is subject to an undue breadth rejection under 35 U.S.C. 112, first paragraph. *In re Hyatt*, 708 F.2d 712, 218 USPQ 195 (Fed. Cir. 1983) (A single means claim which covered every conceivable means for achieving the stated purpose was held nonenabling for the scope of the claim because the specification disclosed at most only those means known to the inventor). When claims depend on a recited property, a fact situation comparable to *Hyatt* is possible, where the claim covers every conceivable structure (means) for achieving the stated property (result) while the specification discloses at most only those known to the inventor.

8. Claim 1 recites: "A system for initiating trading.., the system comprising: *one or more processors configured to*:" The limitation is broadly interpreted as one processor configured to perform the functions mentioned in the body of the claim. Therefore the claim is interpreted as a single means claim.
9. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
10. Claims 1-16 are rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
11. In particular, claim 1, 9 and 13 recite in the preamble "a system and a client server system for initiating trading involving two or more securities", (respectively), the body of the claim does not contain any limitations indicating the structure of the device. A system or an apparatus claim should always claim the structure or the hardware that performs the function. Applicant's claimed limitations consist of a user interface, a spread engine (interpreted as software according to the specification Para. 0022) that does not describe the structure of the device. Further it is unclear whether the recited "server" is embodied as software or hardware in the specification. It is also vague and indefinite how the one or more processors are functionally or operably linked to carry out the functions recited in the claim. Claim 9 recites additional structure in means plus function recitation (means for initiating a second order in a second market) which makes the claim vague and indefinite.

12. Regarding claim 5, it is unclear how the method is performed. Are the steps of the method performed mentally or through an apparatus or a machine? Further, claim 5 also recites the term "initiating". It is unclear what is meant by initiating an order. Broadly interpreted initiating an order does not necessarily mean placing an order in a market to complete a transaction and therefore rendering the claim vague and indefinite. It is unclear whether a fully functional method can be achieved if the orders of the securities are simply initiated and not placed or completed. An initiated order does not have to be fulfilled necessarily.

13. The dependent claims are rejected due to their dependency on the rejected independent claims.

Claim Rejections - 35 USC § 101

14. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

15. Claims 1-16 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

16. Claim 1, 9 and 13 respectively recite in the preamble "A system and a client server system for initiating trading involving two or more securities". The body of claims 1 and 13 recite "code means or software" for each limitation. Therefore claims 1 and 13 are non-statutory because they are directed towards software, per se, lacking storage on a medium, which enables any underlying functionality to occur. It is not clear whether instructions are in executable form and therefore there is no practical application. Claim 9 recites additional structure in means plus function recitation (means for initiating a second order in a second market).

17. Claim 5 in substance recites a process comprising the steps of identifying, receiving, determining, initiating. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these

requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied in a non-trivial manner, for example by identifying the apparatus that accomplishes the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state by the apparatus or machine (*In re Bilski*). Claims 1-16 at issue do not use an apparatus and do not describe a process of manufacture or process for alteration of composition of matter. Since the claims instead cover use of mental processes to solve the step of identifying spread parameters, determining parameters and initiating orders (all the steps can be carried out manually), the claims thus seek to patent use of human intelligence in and of itself.

18. The dependent claims are rejected due to their dependency on the rejected independent claims.

Claim Rejections - 35 USC § 103

19. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

20. **Claims 1, 3-5, 7-9, 11-13, 15-18** are rejected under 35 U.S.C. 103(a) as being unpatentable over Burns et al (herein after Burns) Untied States Patent No. : 7,243,083 in view of Potter et al ("Potter") United States Patent No.: 5,787,402 and Gerhard United States Patent No.: 6,852,683 B1 in further view of Glodjo et al (herein after Glodjo) United States Patent Application Publication No.: 2002/0091624

21. **As per claims 1, 5, 9, 13, 17 and 18;** Burns discloses the following limitations:

- Identify spread parameters pertaining to the securities (see at least Burns column 1, lines 34-41; column 2, lines 39-51; column 4, lines 1-12).

- receive market data relating to the two or more securities of the spread; determine whether the market data falls within certain spread parameters and, if the market data falls within the certain spread parameters (see at least Burns column 5, lines 33-40; column 2, lines 39-51; column 4, lines 1-12, 16-23 and 39-46).

Burns does not specifically disclose the limitation below. Gerhard, however, teaches the limitations as follows:

- initiate an FX Order to offset foreign exchange exposure resulting from the first order in the first market (see at least Gerhard column 1, lines 25-43; column 3, lines 1-25; column 4, lines 1-6 and 35-48; column 6, lines 2-29).

Burns does not specifically disclose the limitation below. Glodjo, however, teaches the limitations as follows:

- initiate a first order in a first market for a first security of the spread in a foreign currency; initiate a second order in a second market for a second security of the spread, whereby the second order is at a selected ratio as compared to the first order to reduce the risk of adverse price movements in the first security (see at least Glodjo paragraphs 0048, 0049, 0053, 0055, 0059, 0066-0070).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have expanded the system and method of Burns and Potter to include initiating orders in two or more markets and placing an FX order to hedge against currency exposure. One would be motivated to do so to prevent exposure loss and gain profits from various arbitrage opportunities between the various currencies of the world and taking advantage of the disparities between interest rates, exchange rates and investment yields (see at least Gerhard column 1, lines 40-43; column 2, lines 60-64; column 6, lines 2-29; Burns column 1, lines 34-50; column 4, lines 26-34; Potter column 1, lines 50-54; column 5, lines 60-61) Also see (at least Burns column 4, lines 38-51 and 55-61; column 7, lines 34-40; column 8, Equation 2; column 9, lines 7-11).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have specifically incorporated a first order of a first security and a second order of a second security in separate markets to facilitate the best available spread and spot trade to maximize profit (see at least Glodjo paragraphs 0007-0008, 0066).

22. As per claim 3, 7, 11 and 15, Burns discloses the following limitation:

- convert the market data related to one or more securities in the spread to a certain currency identified in the spread parameters for the spread (see at least Burns column 6, lines 54-59).

23. As per claim 4, 8, 12 and 16, Burns discloses the following limitation:

- initiate the first order only where the market data related to one or more securities in the spread pass certain rule checks (see at least Burns column 7, lines 41-52).

24. Claims 2, 6, 10, 14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Burns et al.

United States Patent No.: 7,243,083 B2 in view of Potter et al. United States Patent No.: 5,787,402 and further in view of Raykhman United States Patent No.: 7,171,386 B1. 11.

25. As per claims 2, 6, 10, 14; Burns and Potter disclose a trading system of two or more securities.

Burns and Potter do not disclose the following limitations. Raykhman, however, discloses the limitations as follows:

- the first order is a limit order and the second order is a market order, (see at least Raykhman column 3 lines 15-17; column 5, lines 35-39).
- the second order is initiated following confirmation of the first order (see at least Raykhman column 16, lines 50-63; column 18, lines 10-18).

It would have been obvious to one of ordinary skill in the art at the time of the invention to expand the system of Burns and Potter to specify the market orders and limit orders and to place the orders in order. One would be motivated to do so to provide fair and prompt execution of orders that would maximize the hedge against exposure (see at least Raykhman column 8, lines 43-46; lines 54-65)

26. The examiner notes that there were 18 claims presented in the previous version and listing of claims. However, only 16 claims have been presented in the filing for continued examination. Therefore the examiner respectfully requests that the applicants properly cancel the unlisted or cancelled claims in the subsequent correspondence. For the purpose of examination and in view of no mention of the status of claims 17 and 18 in the claim listings or remarks; previously presented claims 17 and 18 are considered cancelled. The examiner requests the applicants to confirm the finding in a subsequent response.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Abhishek Vyas whose telephone number is 571-270-1836. The examiner can normally be reached on 7:30am-5:00pm EST Mon-Thur, ALT Friday OFF.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on 571-272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Abhishek Vyas/
Examiner, Art Unit 3691

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695